

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:

CITATION CORPORATION, et al.,¹

Debtors.

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Chapter 11

Case No. 04-08130-TOM-11

(Jointly Administered)

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363, 507(a)(8), AND 541 AUTHORIZING
DEBTORS TO PAY PREPETITION SALES AND USE TAXES**

This matter came to be heard upon the motion (the "Motion") of Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), for authorization to pay prepetition amounts owing in respect of prepetition sales and use taxes pursuant to §§ 105(a), 363, 507(a)(8), and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"); upon consideration of the Affidavit of Charles P. Bloome in Support of Chapter 11 Petitions and First Day Orders; the court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; due notice of the Motion having been provided to (1) the Office of the Bankruptcy Administrator for

¹ In addition to the Citation Corporation, the Debtors include the following entities: (i) Citation Holding Company, (ii) Berlin Foundry Corporation, (iii) Bohn Aluminum, Inc., (iv) Castwell Products, Inc., (v) Citation Precision, Inc., (vi) HI-TECH, Inc., (vii) Iroquois Foundry Corporation, (viii) ISW Texas Corporation, (ix) Mansfield Foundry Corporation, (x) OBI Liquidating Corp., (xi) Texas Steel Corporation, (xii) TSC Texas Corporation, (xiii) Citation Aluminum, LLC, (xiv) Citation Castings, LLC, (xv) Citation Grand Rapids, LLC, (xvi) Citation Lake Zurich, LLC, (xvii) Citation Michigan, LLC, (xviii) Citation Wisconsin Forging, LLC, (xix) Citation Wisconsin, LLC, (xx) ITM Holding Co., LLC, (xxi) Interstate Southwest, Ltd., (xxii) Texas Foundries, Ltd., and (xxiii) MFC Liquidating Company, Ltd.

the United States Bankruptcy Court for the Northern District of Alabama, Southern Division; (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to the Agent for the Debtors' proposed postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of the Internal Revenue Service for the Northern District of Alabama; and it appearing that no other notice or further notice need be provided; the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; upon the Motion and all of the proceedings before this Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Debtors are authorized and empowered to pay, in their sole discretion, prepetition sales and use tax obligations due and owing to all state and local taxing authorities up to an aggregate amount of \$400,000, including, but not limited to, those taxing authorities set forth on Exhibit "A" to the Motion (the "Taxing Authorities"), consistent with the practices and policies in effect as of the commencement of the Debtors' chapter 11 cases, including, without limitation, through the issuance of postpetition checks or wire transfer requests; and it is further

ORDERED that the Debtors are authorized to pay their unpaid sales and use taxes without prejudice to the Debtors' right to seek additional or further relief in the future; and it is further

ORDERED that the Debtors are authorized (consistent with this Order) to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in respect of prepetition sales and use tax obligations dishonored or rejected as of the commencement of these chapter 11 cases; and it is further

ORDERED that nothing in this Order or the Motion shall be construed as prejudicing any rights the Debtors may have to contest the amount or basis of any sales or use tax obligations allegedly due any Taxing Authority; and it is further

ORDERED that the banks and financial institutions that process, honor, and pay any and all checks or wire transfer requests on account of obligations to be paid pursuant to this Order are authorized to do so and may rely on the representations of the Debtors as to which checks are issued and authorized to be paid in accordance with this Order without any duty of further inquiry and without liability for following the Debtors' instructions.

Dated: Birmingham, Alabama
September 20, 2004

/s/ Tamara O. Mitchell
UNITED STATES BANKRUPTCY JUDGE